

Message Text

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INFO AMEMBASSY BERN

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TAGS: BTIO, TU

SUBJECT: MAJOR EXPORT PROJECT: EQUIPMENT RIVKINE S.A., GENEVA

REF: (A) BERN 1733; (B) BERN 1734;

1. MR. AYHAN SAHENK, TURKISH ASSOCIATE IN TRACTOR PROJECT OUTLINED REFTEL IS WELL-KNOWN TURKISH BUSINESSMAN AND MAJORITY STOCKHOLDER IN DOGUS INSAAT VE TICARET LTD. (WTDR ISTANBUL 0295, FEB 1, 1974, BEING REPEATED TO BERN).

2. FOLLOWING COMMENTS ON TURKISH TRACTOR INDUSTRY MAY BE HELPFUL TO USDOC IN BRIEFING INTERESTED U.S. FIRMS. 1974 PRODUCTION OF TRACTORS IN 40 TO 65 H.P. RANGE AMOUNTED TO APPROXIMATELY 25,000 UNITS. HOWEVER, THE CURRENT CAPACITY IS APPROXIMATELY 38,000 UNITS. WITH THE APPROVAL OF RECENT EXPANSION PROJECTS (INCLUDING FORD) TOTAL UNITS WILL INCREASE TO APPROXIMATELY 80,000 OVER NEXT FOUR YEARS. TURKISH GOVERNMENT HAS RECENTLY APPROVED EXPANSION OF TWO EXISTING TRACTOR PLANTS. INTERNATIONAL HARVESTER RECEIVED APPROVAL TO EXPAND FROM APPROXIMATELY 4,000 TO 12,000 TRACTORS PER ANNUM. IH EXPECTS TO PRODUCE APPROXIMATELY 6,000 UNITS IN 1975 AND TO REACH FULL PRODUCTION BY 1979. FIAT HAS ALSO BEEN GIVEN PERMISSION TO EXPAND FROM 11,000 TO AN EVENTUAL 30,000 TRACTORS. IN ADDITION, FORD TRACTOR HAD RECEIVED APPROVAL IN LATE 1973 FOR AN INVESTMENT OF A 15,000 UNIT FACTORY BUT PROJECT WAS HELD UP DUE TO OBJECTIONS BY COALITION GOVERNMENT THAT CAME TO POWER IN FEBRUARY OF 1974. WE BELIEVE THAT FORD CONTINUES TO BE ACTIVELY INTERESTED IN TRACTOR PLANT AND IS PURSUING THIS THROUGH UNCLASSIFIED

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ITS TURKISH PARTNERS IN THE PROJECT. WE HAVE ALSO RECENTLY HEARD

THAT JOHN DEERE COMPANY IS INTERESTED IN POSSIBLE TRACTOR
MANUFACTURING FACILITY IN TURKEY.

3. DURING PAST TWO YEARS TURKISH GOVERNMENT HAS PERMITTED THE IMPORT
OF APPROXIMATELY 45,000 TRACTORS EACH YEAR, MAINLY BECAUSE LOCAL
MANUFACTURERS (MASSEY-FERGUSON,MMCCORMICK, LEYLAND, IN ADDITION TO
THOSE CITED ABOVE) WERE UNABLE TO OBTAIN NECESSARY COMPONENTS PARTS
TO RUN AT FULL CAPACITY. HOWEVER, WE UNDERSTAND THAT ADEQUATE
SUPPLIES ARE NOW BEING PROVIDED TO LOCAL MANUFACTURERS. TURKISH
GOVERNMENT OVER LAST TWO YEARS HAS BEEN WILLING TO USE FX BECAUSE
UNTIL RECENTLY IT HAD ABOUT \$2 BILLION FX RESERVES. THIS SITUATION
HAS CHANGED RADICALLQN THE LAST 6 TO 8 MONTHS AS RESERVES HAVE
DECLINED BY ABOUT 50 PERCENT.

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